

Brookline Route 9 Corridor Study

MARKET AND DEVELOPMENT OPPORTUNITIES

Scope of Analysis Completed

Market Assessments

Route 9 Corridor Market Support/Positioning (Near-Mid-Long Term) in the Brookline, Newton, Fenway, & Brighton Submarkets for:

- Office/R&D (Tech)
- Lab (Life Sciences)
- Hotel
- Retail
- Residential (Multi-Family and Condominium)
- Health Care-Related (Medical Office and Assisted Care)
- Mixed Use (Resi or Office above Retail)
- Parking

Scope of Analysis Completed

Development Feasibility Parameters

Key development parameters for each use potential type including:

- Building Size
- Floorplate Size and Shape
- Parcel Size
- Floor-Floor Heights
- # Stories
- 1st Floor Use
- Visibility from Route 9 (How important?)
- Access East & West (How important?)
- Parking Ratio
- Parking Type (structure, underground, surface)

Route 9 Corridor Market Findings

Housing (Rental & Condominium)

Demand

- Demand for both rental and condominium housing in Brookline is strong.
- Greatest demand is being expressed by the Millennial and Empty-Nester cohorts.
- Substantial unmet demand exists for both rental and condominium product including support for senior, co-housing/micro unit, assisted care and other niche product.

Supply

- While many new units have been delivered in recent years, undersupply conditions remain.
- Market additions in the pipeline do not come close to satisfying the deficit – for either rental or for-sale product and are not expected to for the foreseeable future.
- Current rents and sale prices are sufficient to support feasible residential development today.

Route 9 Market Potential/Positioning

- There is market support for a wide range of residential alternatives in the Route 9 Corridor including conventional condo and rental apartments, either of which could target niche markets.

Route 9 Corridor Market Findings

Hospitality

Demand

- Demand for hotel rooms in the Boston Suburban and City markets remains strong.
- Primary drivers of demand in the corridor include the LMA, and Boston business and visitor sectors more generally.
- Demand sources favor Select Service and Extended-Stay product.

Supply

- Lots of new product has been built and more is planned for delivery in the near-term (including two in the Route 9 Corridor).
- Proposed additions are not expected to have a long-term impact on the market.
- New hospitality projects are being underwritten at development feasible occupancy levels and room rates.

Route 9 Market Potential/Positioning

- Despite recent and proposed additions, the western end of the Route 9 Corridor (Chestnut Hill) is seen as feasible for additional Select Service and Extended Stay hotel development today.

Route 9 Corridor Market Findings

Retail

Demand

- Market demand for retail is strong, however can only be drawn to “bricks and mortar” establishments when motivated by convenience, by the attraction of the merchant or product offering or by the quality of the shopping environment/experience.

Supply

- While new space retail is being built in response to demand, substantial existing retail square footage is being reprogrammed or repositioned to meet changing market demand.
- Retail use is now often seen as an amenity for uses/users on upper floors (residents, hotel guests, employees).
- Underwriting new retail development is challenging without superior locational attributes and tenant(s) willing to pay increasingly high rents.

Route 9 Market Potential/Positioning

- Limited opportunity for new, free-standing retail of scale in the Corridor (possible exceptions in Chestnut Hill).
- Ancillary retail (on ground floors with other uses above) is seen as possible but even in this configuration is likely to succeed only if limited in size and located on sites that benefit from retail agglomeration or other factors like, having parking.

Route 9 Corridor Market Findings

Office/R&D (Including Medical)

Demand

- Market demand for office/R&D in general is good to excellent – but especially good for Medical Office given Brookline’s proximity to the LMA.
- Health care institutions (Medical Office) and local service providers (General Office) are the primary drivers of the market.
- Regional demand also exists for R&D/tech (from established users and start ups) but it can generally only be satisfied in places that are attractive to young, tech savvy employees - the ability to recruit is critical to these end-users.

Supply

- Demand is not sufficient to support speculative new office/R&D development.
- Office/R&D (including Medical Office) has a substantial parking requirement – which drives cost and makes underwriting challenging.
- Owner-users (including office condominium buyers) or substantial pre-sales or pre-leasing is needed for underwriting.

Route 9 Market Potential/Positioning

- Potential for owner-user or pre-sold/pre-leased office development exists in the district – sized to meet end-user requirements.
- Medical office is seen as having the strongest potential and is seen as feasible along the full length of the Corridor.
- R&D/Tech potential is limited as the Corridor provides limited opportunity for creating the environment needed to draw these users – though tech incubator/co-working space might be possible under the certain circumstances (e.g. as infill or as part of a larger project mix).

Route 9 Corridor Market Findings

Lab/Life Sciences

Demand

- Market demand for lab use in general is good to excellent but generally can only be satisfied in places that accommodate the clustering and implied scale needed/desired by these end-users and their sponsors (e.g. Kendall Square, North Allston, BioSquare, Seaport, Rte 128).
- Research and health care institutions (e.g. Harvard, MIT, BU, NEU, LMA hospitals) are the primary drivers of the lab market – meaning that proximity and accessibility to these institutions is also a factor driving demand.

Supply

- Demand is sufficient to support speculative new lab development – but only where requirements can be met.
- Lab has a substantial parking requirement – which drives cost and makes underwriting challenging.
- Lab rents are high enough to support current underwriting – but again, only where requirements can be met.

Route 9 Market Potential/Positioning

- Market potential exists for lab development in the Corridor but finding a site that can accommodate the user requirements may not be possible.

Development Parameters

Market Norms for New Construction

Development Parameters Market Norms for New	Hotel	Gen. Office/R&D	Medical Office	Lab	Apartment	Condominium
Building Size	150 to 200 rooms	>50,000 SF	>50,000 SF	>150,000 SF	150 to 300 units	25 to 75 units
	Select Service & Extended Stay	Could be larger with a committed tenant; Smaller infill also possible for office - but not for lab			Smaller infill also possible - esp. for condo	
Floorplate Sizes	15,000 to 25,000 SF	20,000 to 30,000 SF	20,000 to 30,000 SF	40,000 to 50,000 SF	15,000 to 25,000 SF	5,000 to 15,000 SF
Floorplate Shape	Rectangle	Square	Square	Square	Rectangle	Rectangle
Building Depth	+/- 60 feet	>150 feet	>150 feet	>200 feet	+/- 90 feet	+/- 90 feet
Parcel Size <small>Depending on parking solution</small>	> 30,000 SF	> 35,000 SF	> 35,000 SF	>60,000 SF	> 20,000 SF	> 10,000 SF
Ceiling Heights	> 9 feet	> 12 feet	> 12 feet	>15 feet	> 9 feet	> 9 feet
Stories (Including Ground Floor)	> 4 stories	> 3 stories	> 3 stories	> 3 stories	> 6 stories	> 4 stories
1st Floor Use	Lobby/Commercial	Lobby/Commercial	Lobby/Commercial	Lobby	Lobby/Commercial	Lobby/Commercial
Visibility from Route 9 <small>How important on a scale of 1 (Not) to 5 (Very)</small>	5	4	4	3	3	3
Access East & West <small>How important on a scale of 1 (Not) to 5 (Very)</small>	3	4	4	4	2	2
Parking Ratio <small>Depending on Target Market & Transit Proximity</small>	.3 to .5/Room	1.0 to 2.0/1,000 SF	1.5 to 2.5/1,000 SF	1.0 to 2.0/1,000 SF	.5 to 1.0/Unit	.75 to 1.5/Unit
Parking Type	Surface/Above Grade	Above/Below Grade	Above/Below Grade	Above/Below Grade	Above/Below Grade	Above/Below Grade

Route 9 Corridor Development Features

Competitive Attributes

Advantages

- Brookline is well situated to capitalize on both commercial and residential demand in the regional markets.
- Past trends and current activity in the corridor signals the potential for additional new, (re)development, especially in the hospitality, residential and health-care related sectors.
- Sites in the Route 9 corridor have excellent frontage with potential for prominent addresses and high market visibility.
- Proximity to transit enhances marketability at both ends of the corridor helping to minimize parking requirements in these locations.

Route 9 Corridor Development Features

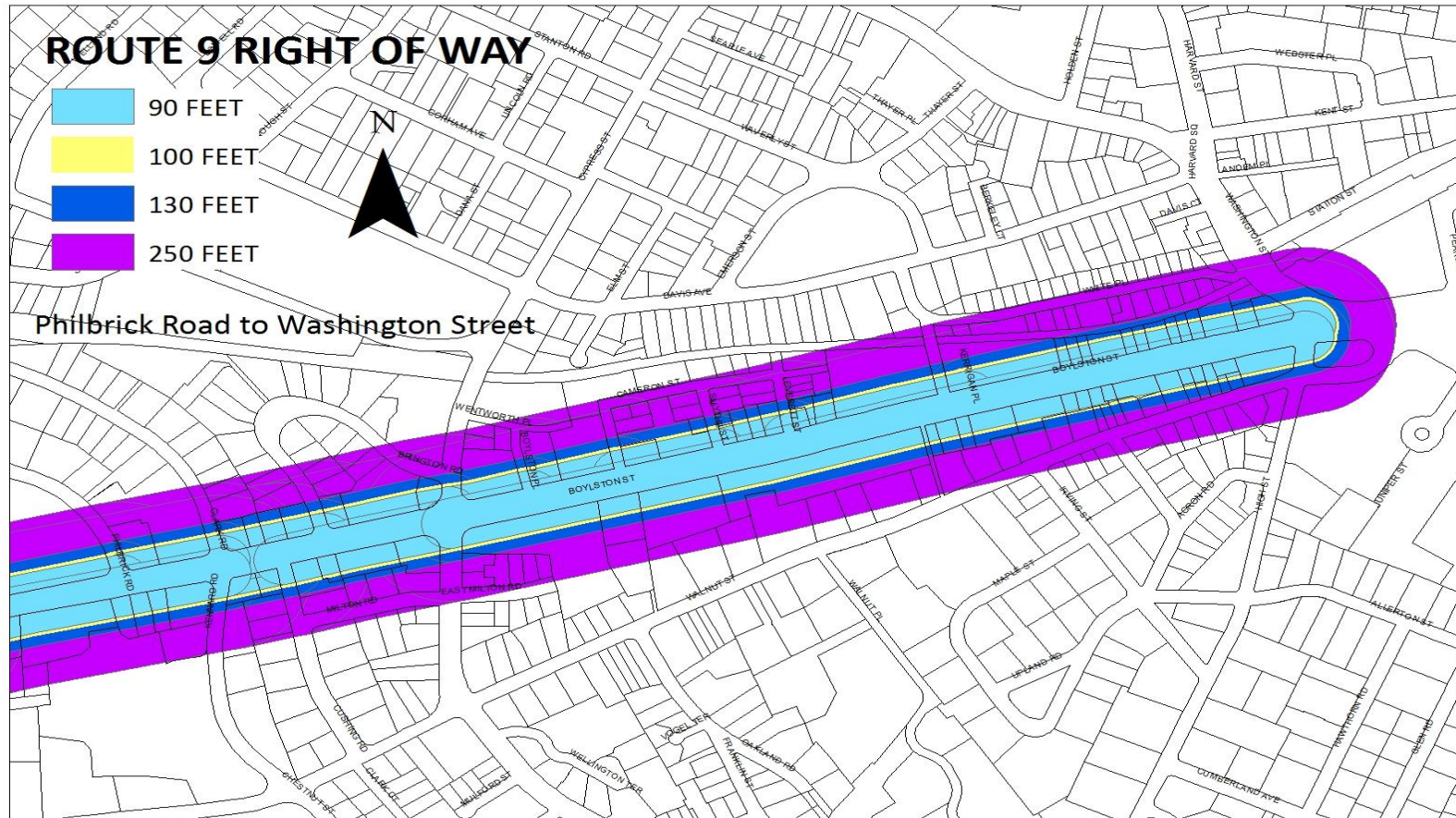
Competitive Attributes

Disadvantages

- Existing traffic volumes pose challenges to (re)development especially for uses with high employee densities.
- Lack of convenient E-W accessibility is a deterrent to marketability for some uses/users.
- Development mobilization and logistics on Route 9 sites is complicated and costly.
- Shallow parcel depths limit floorplate sizes and configurations and make efficient parking and site circulation solutions difficult.
- Many sites are too small to support independent (re)development and would require assemblage.
- Sloping topography in the corridor is a challenge - for uses that require large floorplates, but potentially a benefit – for uses that can use slope to achieve subgrade parking access.
- Some obsolete buildings in the corridor are still valuable. The choice to redevelop a cash-flowing asset is never easy.
- Density will be required to overcome the cost premiums associated with (re) development in the corridor.

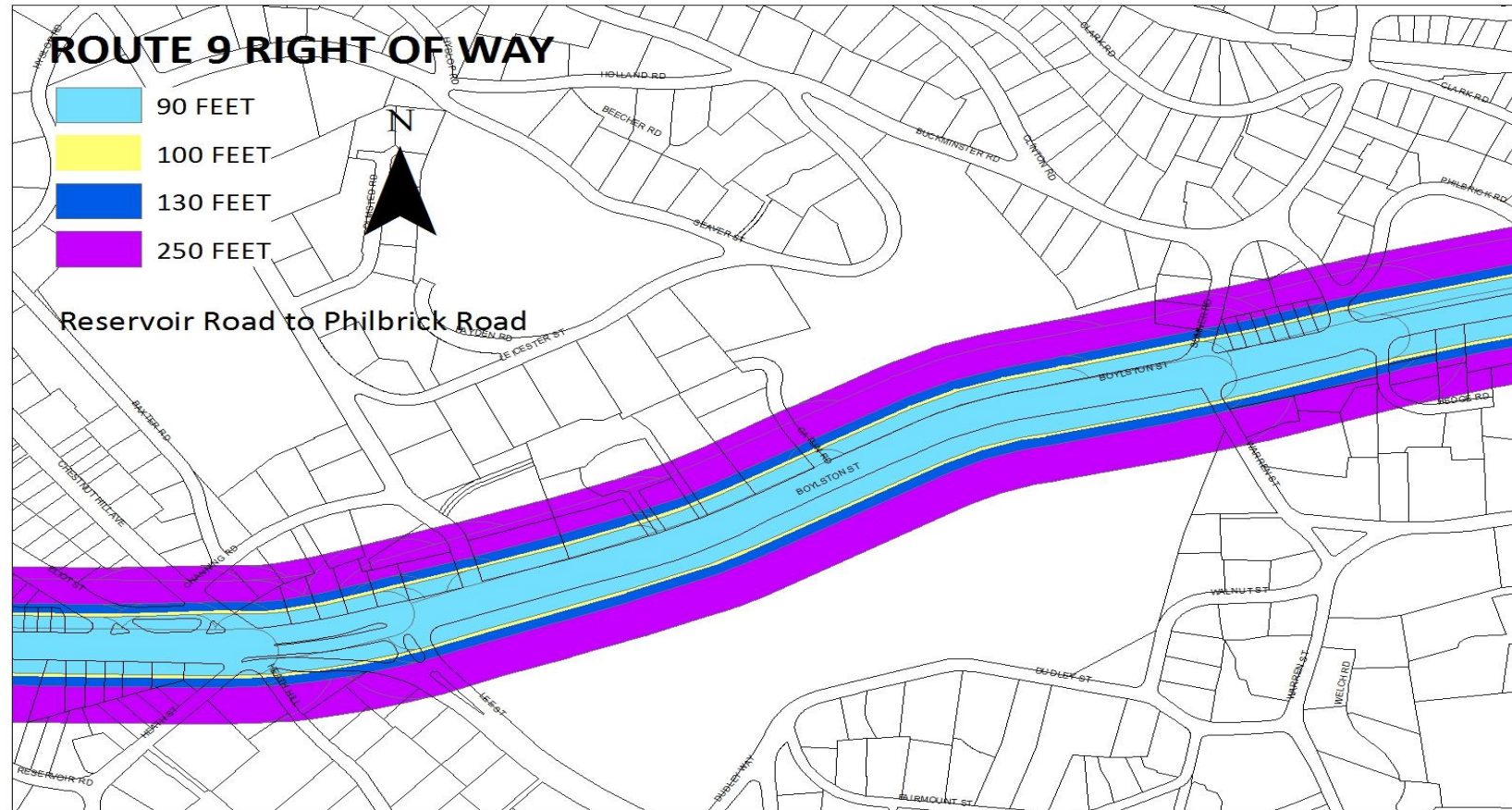
Corridor Overview

Philbrick Road to Washington Street



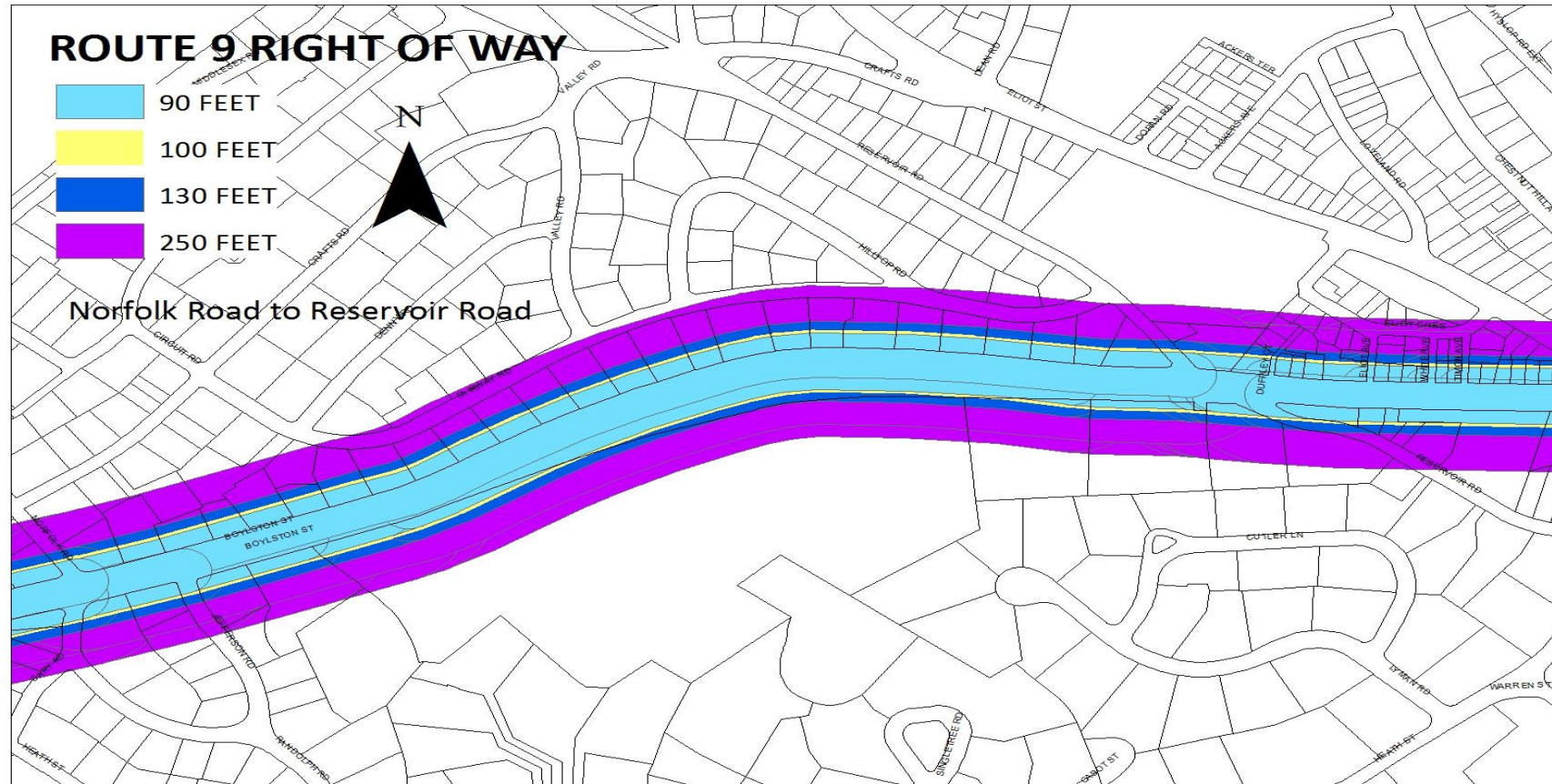
Corridor Overview

Reservoir Road to Washington Street



Corridor Overview

Norfolk Road to Reservoir Road



Corridor Overview

Newton Line to Norfolk Road

